

## Montana's Public Employees' Retirement Plans: Summary Tables

TABLE 1  
BENEFIT ELIGIBILITY AND BASIC BENEFIT FORMULAE

	Teachers' Retirement System (TRS) (1937)	PERS DEFINED BENEFIT (DB) PLAN (1945)	SHERIFFS' (SRS) (1974)	MUNICIPAL POLICE (MPORS) (1974)	FIREFIGHTERS' UNIFIED (FURS) (1981)	HIGHWAY PATROL (HPORS) (1971)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS) (1963)	JUDGES' (JRS) (1967)
Minimum service and age requirements to receive full (unreduced) normal retirement benefit	25 yrs service, any age or 5 yrs svc and age 60	30 yrs service, any age or 5 yrs svc and age 60 or age 65 regardless of service	20 yrs service, any age	20 yrs service, any age	20 yrs service, any age, or age 50 with 5 yrs service	20 yrs service, any age	20 yrs service and age 50 or age 55 with 5 yrs	5 yrs service and age 60
Minimum service requirement before being vested	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Service retirement benefit formula	$1/60 \times \text{AFC}^1 \times \text{yrs of service}$ (1/60 = 1.66666%)	$1/56 \times \text{HAC}^1 \times \text{yrs of service}$ (1/56 = 1.78571%) -with 25 or more years of membership service $1/50 \times \text{HAC} \times \text{yrs of service}$ (1/50 = 2.0%)	$2.5\% \times \text{HAC} \times \text{yrs of service}$	$2.5\% \times \text{FAC}^2 \times \text{yrs of service}$ Pre-7/1/77: FAC = monthly compensation of last year	$2.5\% \times \text{FAC} \times \text{yrs of service}$ Pre-7/1/81 who did not elect GABA: - with less than 20 yrs, greater of: $2.5\% \times \text{FAC} \times \text{yrs}$ or $2\% \times \text{FMC}^3 \times \text{yrs}$ - with more than 20 yrs: $50\% \times \text{FMC}$ plus $2\%$ of FMC for each year over 20	$2.5\% \times \text{HAC} \times \text{yrs of service}$	$2.5\% \times \text{HAC} \times \text{yrs of service}$	$3.33\% \times \text{HAC} \times \text{yrs of service to 15 yrs} + 1.785\% \times \text{HAC} \times \text{yrs of service over 15 yrs}$ Pre 7/1/97: HAC = current salary Post 1/7/97 and those who elected GABA: HAC = highest 36 months
Benefit formula is actuarially reduced for early retirement	Yes Actuarially reduced benefit at age 50 with 5 yrs of service	Yes Actuarially reduced benefit at 25 years service any age or age 50	Yes Actuarially reduced benefit at age 50 with 5 yrs service	No	No	No	No	Yes: Actuarially reduced benefit at any age with 5 yrs service, if involuntarily terminated

Source: Title 19, Montana Code Annotated, 2009

<sup>1</sup> HAC = highest average compensation = average compensation of the 36 highest consecutive months of service.<sup>2</sup> FAC = final average compensation = average salary over the last 36 consecutive months of service.<sup>3</sup> FMC = final monthly compensation = monthly salary last received by member.

EXHIBIT #2  
DATE Dec 25th  
1997

TABLE 2

DISABILITY BENEFITS

	Teachers' Retirement System TRS	PERS DEFINED BENEFIT PLAN	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GW/PORS)	JUDGES' (JRS)
Eligibility criteria for disability benefit	- at least 5 yrs of service - totally incapacitated from further performance of duties & permanent or of uncertain duration	- at least 5 yrs of service - totally unable to perform essential tasks of covered position - permanent or of uncertain duration	Any active member	Any active member	Any active member	Any active member	Any active member  - at least 5 yrs of service if duty-related	Any member
Non-duty-related disability benefit	Greater of: - norm formula (1.6666%) or - 25% of AFC	Pre-2/24/91: greater of 90% of normal (1.786%) formula, or 25% of HAC  Post-2/24/91 or election: normal retirement formula (based on age 60, no actuarial reduction)	Actuarial equivalent of normal (2.5%) retirement formula	Pre-7/1/77: Normal (2.5%) retirement formula, but minimum of 50% of FMC  Post-7/1/77: 50% FAC for 20 yrs or less and 2.5% FAC for each year over 20	50% FAC for 20 yrs or less and 2.5% FAC for each year over 20	Actuarial equivalent of normal (2.5%) retirement formula	Actuarial equivalent of normal (2.0%) retirement formula	Actuarial equivalent of normal retirement formula  (3.33% for first 15 yrs service and 1.785% after 15 years)
Duty-related disability benefit	Same as non-duty related	Same as non-duty related	50% of HAC	Same as non-duty-related	Same as non-duty-related	50% of HAC	50% of HAC with	Non-GABA: 50% of current salary of sitting judge With GABA: 50% of HAC
Actuarial cost to plan (reported in June 30, 2010, actuarial valuation)	.08%	0.35%	0.71%	1.80%	2.02%	0.77%	0.75%	0.64%

GABA = An automatic annual Guaranteed Annual Benefit Adjustment; an annual increase in a recipient's monthly benefit amount.

TABLE 3

**RETIREE AND BENEFIT RECIPIENT DATA**  
(Based on June 30, 2010, Actuarial Valuations and MPERA and TRS data)

	Teachers' Retirement System (TRS)	PERS DEFINED BENEFIT (DB) PLAN	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWPOS)	JUDGES' (JRS)
Number of benefit recipients	12,440	17,415	415	668	546	295	136	55
Average age of current retirees	69.9 yrs	71.9 yrs	63.4 yrs	66.2 yrs	67.6 yrs	68.5 yrs	67.7 yrs	76.4 yrs
Average retirement age	57.6 yrs	59.2 yrs	53.1 yrs	47.7 yrs	50.4 yrs	49.6 yrs	55.2 yrs	63.2 yrs
Average years of service at retirement	25.86 yrs	19.34 yrs	18.76 yrs	19.33 yrs	23.61 yrs	23.83 yrs	23.23 yrs	15.33 yrs
Average monthly benefit (service retirement)	\$2,058	\$1,049	\$1,852	\$2,188	\$2,541	\$2,212	\$1,845	\$3,608
Post-retirement benefit adjustments	1.5% GABA* (paid on January 1 of each year after having been retired for at least 36 months, with the average retiree receiving adjustment 42 months after they retire)	3.0% GABA* (after 1 year) if hired before 7/1/07 1.5% GABA if hired on or after 7/1/07	3.0% GABA (after 1 year) if hired before 7/1/07 1.5% GABA if hired on or after 7/1/07	Pre-7/1/97 who did not elect GABA: 2 monthly salary of new officer All post-7/1/97 or who elected GABA: 3.0% (after 1 year)	Pre-7/1/97 who did not elect GABA: 2 monthly salary of new firefighter All post-7/1/97 or who elected GABA: 3.0% (after 1 year)	Pre-7/1/97 who did not elect GABA: 2% of base salary of probationary officer All post-7/1/97 or who elected GABA: 3.0% (after 1 year)	3.0% (after 1 year) if hired before 7/1/07 1.5% GABA if hired on or after 7/1/07	Pre-7/1/97: benefits increased same as salary of sitting judge All post-7/1/97 or who elected GABA: 3.0% GABA (after 1 year)
Social security coverage	Yes (most members)	Yes	Yes	No	No	No	Yes	Yes

\* GABA = An automatic annual Guaranteed Annual Benefit Adjustment, an annual increase in a recipient's monthly benefit amount.

TABLE 4  
ACTIVE MEMBERSHIP DATA

(NOT including retirees and other benefit recipients)

(Based on June 30, 2010, Actuarial Valuations)

	Teachers' Retirement System (TRS)	PERS DEFINED BENEFIT (DB) PLAN	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS AND PEACE OFFICERS' (GWPORS)	JUDGES' (JRS)
Total active members	18,353	28,833	1,181	727	570	230	966	51
Average age of actives	45.9 yrs	48.9 yrs	40.97 yrs	37.8 yrs	39.44 yrs	40.29 yrs	41.62 yrs	58.86 yrs
Average years of service of actives	12.2 yrs	10.0 yrs	7.4 yrs	8.2 yrs	10.5 yrs	9.9 yrs	6.4 yrs	12.3 yrs
Average annual salary of actives	\$49,598	\$39,813	\$49,210	\$54,900	\$60,764	\$59,919	\$43,475	\$115,914
Number of participating employers	368	529	57	29	21	1	7	1
Employers' annualized payroll (2010 Valuation)	\$705.5 million	\$1.1 billion	\$58.1 million	\$39.9 million	\$34.6 million	\$13.7 million	\$41.9 million	\$5.9 million

TABLE 5

# CONTRIBUTIONS, COSTS, AND ACTUARIAL DATA

(Based on June 30, 2010, Actuarial Valuations)

	Teachers' Retirement System (TRS)	PERS DEFINED BENEFIT (DB) PLAN	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS)	JUDGES' (JRS)
Employer contribution as percentage of payroll	School Districts: 7.47% State agencies & University System: 9.85% State General Fund: 2.49%	7.17% School Districts: 6.8% State: 0.37% Local Government Employers: 7.07% State: 0.1%	10.115%	14.41%	14.36%	26.15%	9.0%	25.81%
Employee contribution as percentage of salary	7.15%	6.9%	9.245%	Non-GABA: Pre-7/1/75: 5.8% Pre-7/1/79: 7.0% Pre-7/1/97: 8.5% With GABA: 9%	Pre-7/1/97 not electing GABA: 9.5% Post-7/1/97 or electing GABA: 10.7%	Pre-7/1/97 not electing GABA: 9.0% Post-7/1/97 or electing GABA: 9.05%	10.56%	7%
Additional funding from other sources as a percentage of payroll	University System - 4.72% of ORP payroll	None	None	State General Fund: 29.37%	State General Fund: 32.61%	Driver's license fees: 10.18%	None	None
Total available contributions as percentage of payroll	17.11%	14.070% (0.04% transferred to education fund)	19.36%	52.78%	57.66%	45.38%	19.56%	32.81%
Normal costs as percentage of payroll	9.74%	12.61%	19.02%	26.32%	26.45%	23.72%	19.26%	23.04%
Percentage used to fund unfunded liabilities	7.37%	1.46%	.34%	26.46%	31.21%	21.66%	.30%	9.77%

	Teachers' Retirement System (TRS)	PERS DEFINED BENEFIT (DB) PLAN	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS)	JUDGES' (JRS)
Actuarial liabilities (rounded)	\$4.5 billion	\$5.2 billion	\$247 million	\$380 million	\$335 million	\$151 million	\$114 million	\$43 million
Actuarial Value Funded ratio (rounded) (percentage of liabilities covered by reported assets)	66.4%	74.4%	81.4%	57.2%	63.7%	64.3%	74.8%	144.1%
Unfunded liability (surplus) (rounded)	\$1.56 billion	\$1.3 billion	\$46 million	\$168 million	\$122 million	\$54 million	\$29 million	(\$19 million)
Years to amortize unfunded liability	49.5 yrs	Does not Amortize	Does not Amortize	19.9 yrs	13.8 yrs	26.3 yrs	Does not Amortize	(30) (surplus)
Market value of assets (rounded)	\$2.5 billion	\$3.3 billion	\$173 million	\$187 million	\$184 million	\$83 million	\$74 million	\$53 million
Market Value Funded ratio (rounded) (percentage of liabilities covered by reported assets)	55.2%	63.4%	70.0%	49.2%	55.0%	54.8%	65.1%	123.6%

Sources: June 30, 2010, Actuarial Valuations

**TABLE 6**  
**INVESTMENT DATA**

\* Investment objective: Meet or beat the actuarial return assumption of 8%, while outperforming the market indices for each asset class over any current 5-year period.

Amount invested, rounded (market value, on 6/30/2010)	Teachers' Retirement System (TRS)	PERS DEFINED BENEFIT RETIREMENT PLAN (DBRP)	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS)	JUDGES' (JRS)
\$2.5 billion		\$3.3 billion	\$172 million	\$176 million	\$173 million	\$82.6 million	\$73.8 million	\$52.4 million
Market rate of return for composite index, FY 2010	15.95%	15.99%	15.91%	16.02%	15.97%	16.10%	15.81%	15.95%
Market rate of return on the fund in 2010, all assets	12.84%	12.87%	12.77%	12.88%	12.84%	12.95%	12.72%	12.83%
Market rate of return for composite index, 5-year period	1.99%	2.01%	2.02%	1.96%	2.00%	2.01%	1.94%	2.02%
Rate of return on the fund, 5-year period	1.83%	1.85%	1.83%	1.78%	1.83%	1.84%	1.77%	1.85%
Objective relative to actuarial investment assumption met in FY 2010?	No	No	No	No	No	No	No	No
Objective relative to actuarial investment assumption met in 5-year period?	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Asset allocation objectives: Fixed Income Real Estate Equity	22 - 32% 0 - 8% 60 - 70%	22 - 32% 0 - 8% 60 - 70%	22 - 32% 4 - 8% 60 - 70%	25 - 35% 4 - 8% 60 - 70%	25 - 35% 4 - 8% 60 - 70%	25 - 35% 4 - 8% 60 - 70%	25 - 35% 4 - 8% 60 - 70%	25 - 35% 4 - 8% 60 - 70%
Actual Asset allocation: Fixed Income Real Estate Equity	30.3% 5.4% 63.5%	28.4% 5.17% 63.5%	28.6% 4.8% 63.8%	30.3% 4.9% 64%	30.3% 4.9% 63.9%	30.2% 4.9% 63.8%	29.9% 4.8% 62.6%	30.1% 4.8% 62.9%
Percentage growth in total liabilities between 2009 valuation and 2010 valuation	4.3 %	6.4 %	9.5 %	5.4%	6.6%	2.3%	10.4%	6.1%
Percentage change in total assets between 2009 valuation and 2010 valuation	9.5%	10.58%	14.00%	16.00%	16.17%	10.90%	19.34%	12.58%

Sources: Public Employees' Retirement Board, Teachers' Retirement Board, Financial and Actuarial Reports, and Title 19, Montana Code Annotated, 2009; FY2010 Montana Board of Investments information.

**VOLUNTEER FIREFIGHTERS' COMPENSATION ACT**  
(Based on June 30, 2010, Actuarial Valuation)

TABLE 7

VOLUNTEER FIREFIGHTERS' PENSION FUND (1965)	PENSION PLAN FEATURES
Age 55 and 20 years of service; or Age 60 and 10 years of service	Minimum service and age for normal (unreduced) retirement
10 years	Vested
\$7.50 per year of service, up to maximum of \$225 per month	Basic benefit formula
\$7.50 per year of service, with a minimum of \$75 per month up to a maximum of \$225 per month	Disability
\$7.50 per year of service (maximum of 40 months including any amounts retiree received)	Death benefit
1,149 retirees and beneficiaries 2,315 active members 827 vested inactive (terminated) members 4,291 total members	Membership
44.98 years old	Average age of active members
9.2 years	Average years of service of active members
\$137 per month	Average benefit for service retirees
5% of insurance premium taxes collected (See Section 19-17-301, MCA)	Contributions
\$34.5 million	Actuarial liabilities
\$26.5 million	Actuarial value of assets
\$7.9 million	Unfunded liability
7.7 yrs	Years to Amortize
76.9%	Funded ratio



# PERS DEFINED CONTRIBUTION RETIREMENT PLAN (DCRP)

TABLE 8

Operational July 1, 2002.

Membership	All active PERS members will have 12 months to make a one-time, irrevocable choice between the DBRP and DCRP plans.
Employee Contributions	6.9% of salary
Employer Contributions	7.17% of salary allocated as follows: -- 0.04% to an educational fund -- 2.37% to PERS DB plan as plan choice rate -- 4.19% to member accounts -- 0.3% to disability trust fund -- 0.27% to meet the expenses for the startup loan for the DC plan; then to the DB plan to reduce the plan choice rate unfunded actuarial liability; then to the long-term disability plan trust fund once the PCR UAL is retired
Total contributions to member accounts	11.09% of salary
Investment choices	15 funds
Vesting	5 years for employer contributions and investment earnings on those contributions, but members have immediate control over how employer and employee contributions are invested
Benefits	Contributions plus investment earnings, minus administrative expenses; payable at any time after termination, with a possible federal tax penalty for withdrawal before age 59 1/2.
Disability benefit	A defined disability benefit based on a 1/56 x HAC x years of service formula, similar to what is provided in the PERS DBRP.
Death/survivorship benefit	Member's account balance
Plan administration	- PERB is the plan's board of trustees - Great West is the plan's record keeper

**UNIVERSITY SYSTEM OPTIONAL RETIREMENT PLAN - TRS ELIGIBLE MEMBERS**

(As of June 30, 2010)

**TABLE 9**

PLAN FEATURES	OPTIONAL RETIREMENT PROGRAM (ORP) (A Defined Contribution Retirement Plan)	Membership  All administrative, scientific, and instructional staff of the University System that would otherwise be eligible for member in TRS.  Active membership: X,XXX	Retirement eligibility  A plan member may "retire" (i.e., access the ORP account) any time after service is terminated. There are federal tax penalties for withdrawal prior to age 59 1/2.	Benefit  An ORP member's benefit depends on total contributions to the member's individual account, plus investment earnings, minus administrative expenses. The ORP is administered by TIAA-CREF.	Disability benefits  All University System employees are covered under a long-term disability insurance plan. The basic plan is entirely employer-paid and provides disability payments up to 60% of monthly earnings, offset against other income, such as pension benefits, social security, workers' compensation insurance, etc.	Death and survivor benefits  The full current value in a member's annuity account is payable to the beneficiary before retirement. The benefit can be paid in a single sum, as an annuity income to the beneficiary for life, or as an annuity income for a fixed period of years. The annuity may also be deferred as federal law permits.	Total ORP payroll covered  \$173.8 million	Employer contribution as a percentage of payroll  5.956%	Employee contribution as a percentage of salary  7.044%	Total contributions to member accounts  13.0%	Supplemental employer contribution to TRS for unfunded liability.  Rate is subject to periodic review and adjustment to maintain amortization schedule.	4.503% 7/1/1989 through 6/30/1993 2.503% 7/1/1993 through 6/30/1998 2.810% 7/1/1997 through 6/30/1998 3.120% 7/1/1998 through 6/30/1999 3.420% 7/1/1999 through 6/30/2000 3.730% 7/1/2000 through 6/30/2001 4.040% 7/1/2001 through 6/30/2007 4.720% 7/1/2007 - 7/1/2033.
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